

## Transcript

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Program: **HUGHESY AND KATE** Time: **08:42 AM**

Compere: **DAVE HUGHES, KATE LANGBROEK AND ED KAVALEE** Summary ID: **M00040924426**

Item: **DISCUSSION ABOUT DOMESTIC PETROL PRICING IN LIGHT OF THE STRONG AUSTRALIAN DOLLAR.**

**INTERVIEWEE: JOE DIMASI, ACCC.**

<b>Audience:</b>	Male 16+ 34000	Female 16+ 78000	All people 123000
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ED KAVALEE: What's going on with the dollar?

KATE LANGBROEK: Something in the background - well, the dollar is going...

DAVE HUGHES: It's almost at parity, is it?

KATE LANGBROEK: ...skyward, which means it's nearly worth the same as the US dollar...

ED KAVALEE: Ninety-seven, I think.

KATE LANGBROEK: ...which it's measured against.

ED KAVALEE: Yeah.

DAVE HUGHES: Yeah.

KATE LANGBROEK: And then I've kept hearing this noise in the background, oh yeah, petrol prices are going to go down, oh yeah petrol is going down, petrol is going down. Filled up my car the other day; petrol is not going down. The dollar is definitely going up.

DAVE HUGHES: Petrol is at the same price as it was in February.

KATE LANGBROEK: Now, someone had written a letter to *The Age* yesterday saying Americans are paying 68 cents a litre, and we still produce nearly 70 per cent of our own petrol. So - and I know that we have parity pricing which is we pay world prices as a tax. So the obvious thing is what's the ACCC doing about it?

DAVE HUGHES: Well, let's ask them what they think about this whole thing as well.

ED KAVALEE: Yeah, good morning Joe Dimasi, commissioner, who looks after petrol at the ACCC.

Morning Joe.

JOE DIMASI: Good morning.

KATE LANGBROEK: Now, you must get asked this a lot when you're out and about.

JOE DIMASI: I do. I do, yes.

KATE LANGBROEK: And is the answer we are doing nothing?

JOE DIMASI: Well, the answer is, well, we've got to get the facts right first.

KATE LANGBROEK: Right.

DAVE HUGHES: Yeah, what are the facts Joe?

JOE DIMASI: Well, the facts are that the Australian dollar has been going up, of course, but so has the price of imported petrol. We buy petrol, part of our petrol, from the region - in the Asian region because, as Kate mentioned, we produce most of our own but we import some. And so the imported petrol sets the price and it's the Mogas 95, Singapore Mogas 95 is the benchmark price. And that has also been going up, unfortunately. Since May it's gone up about \$13 US a barrel. So...

KATE LANGBROEK: But it hit real lows compared to what it was.

JOE DIMASI: Yes but...

KATE LANGBROEK: That still wasn't passed on at the pump.

JOE DIMASI: Well, actually, it was. I mean, we track the price of petrol pretty regularly, and the price in Australia follows the Mogas 95 price very closely. Of course you've got to add taxes, don't forget that. See, people make these comparisons with the US; the tax

system is very, very different. They pay about 12 or 13 cents a litre in tax. We pay a lot more than that; 50 cents around about at the moment in tax. So it's - these comparisons can be a bit...

KATE LANGBROEK: Right.

DAVE HUGHES: Why has the Mogas gone up?

JOE DIMASI: Well, the Mogas - it's a world market for Mogas and that goes up according to what's happening in the world market. It crashed following the financial crisis back in 2008 and you'll remember that we saw prices of petrol there about \$1.80. That then crashed to nearly a dollar. But - and that's because the price of... international price of oil and petrol had gone up. And then once it crashed we saw the petrol price around a dollar here. But it's been going up since as the world economy recovers. And, of course, don't forget we've got an organisation called OPEC, and they - they're an international cartel, basically, of the oil producing nations that keep the price of oil high...

KATE LANGBROEK: They're the Arab, they're mainly the Arab countries are they?

JOE DIMASI: Arabs, Venezuelans, a range of others. And they try to keep the price of oil high which, in turn, holds up the price of international petrol.

KATE LANGBROEK: So do you put any - the fact remains that oil companies have been making record profits. So what do you...

JOE DIMASI: That's not true, that's not true. We looked - see, we looked at their books last year and over the last six years the profit on petrol has been between three to six cents a litre. So out of the price that we pay, three to six cents is the amount that's taken out in profit.

DAVE HUGHES: So you don't believe that there's any gouging going on at all, Joe?

JOE DIMASI: Well look, we've got to be a bit careful about that. There's - you know, there's markets all over the place and I'm not going to vouch for what happens in every little market in every country town around Australia. But if you look at the price, generally, across the five major capital cities, of which Melbourne is obviously one, the price there reflects pretty closely the international price of petrol...

DAVE HUGHES: The old Mogas.

JOE DIMASI: ...pump prices. Mogas, that's exactly right. Now, having said that...

ED KAVALEE: Mogas, how do I get in on this Mogas, Joe...

KATE LANGBROEK: Yes.

ED KAVALEE:	Can I invest in Mogas? Seems like a pretty good time.
JOE DIMASI:	It's a good title, isn't it. Having said that, I probably should mention, if people don't know about the price cycle, they should, and that is one of the things that we do have locally is a price cycle. The price jumps up every week, usually around Thursday it's been of late, and then it's discounted down and it's discounted down to actually below the wholesale level. So...
DAVE HUGHES:	So when is - what day is it discounted? What is the best day for idiots like me who aren't aware, what's the best day to buy petrol?
JOE DIMASI:	Look, at the moment it's Wednesday, Thursday is the best day. Last week it - Thursday was the cheapest day, as was the week before. But it starts to kick up on Thursday evening so just be careful you don't leave it too late. I try to buy it on Wednesday myself just to be safe. But the price cycle does move around a little bit so you've got to keep an eye on the board.
KATE LANGBROEK:	Are you - is the ACCC a bit of a toothless tiger when it comes to taking on...
JOE DIMASI:	[Laughs]
KATE LANGBROEK:	You do seem to be because one of the names of your commission is competition, and certainly it's

known - although you may deny it - that Coles and Woolworths are squeezing every independent operator. Why don't you focus on that? Like, why is there no heat on them for that? What do you do?

JOE DIMASI: Absolutely, squeezing - competition is good. Getting the cheapest prices for consumers is good. When the...

KATE LANGBROEK: But not when they squeeze - not when the idea is, as we've seen the big supermarkets do, that you play price discounting until you've made every independent operator bleed, you force them out of the market, and then what happens?

JOE DIMASI: But they haven't been forced out of the market. I mean, operators have been going out of the market since the '70s. In fact, we had 20,000 independent operators in the '70s; it's down to about 6500 these days. But that all happened in the '70s and '80s before Coles and Woolies got into petrol. These things have been happening because operators...

KATE LANGBROEK: So you don't think that's had any effect? So you don't believe that Coles and Woolworths getting into petrol discounting has had any effect?

JOE DIMASI: Oh, absolutely it has...

KATE LANGBROEK: Right.

JOE DIMASI: It's made life very tough for the independent operators. No question about it. Petrol prices are lower as a result of Coles and Woolies getting into retailing. I have no doubts about that.

KATE LANGBROEK: Lower compared to what?

JOE DIMASI: Compared to what they would have been if they hadn't been there because the profit margin on petrol is low as it is - as I said before - because these guys are really out there... what they're doing is they're selling cheap petrol because they want to get you into their supermarkets so you buy other stuff.

DAVE HUGHES: Mmm, that annoys me...

JOE DIMASI: That's what their game is.

DAVE HUGHES: I hate having to take my docket into a service station. They should ban that. You should ban that. That's annoying.

JOE DIMASI: [Laughs]

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